

Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 08843 131830Z

44

ACTION EB-06

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01

INR-05 INT-05 L-02 LAB-01 NSAE-00 NSC-05 PA-01 RSC-01

AID-05 CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 PRS-01

SP-02 FEAE-00 OMB-01 SWF-01 /075 W
----- 094725

O R 131752Z NOV 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 7785

INFO ALL EC CAPITALS 026

LIMITED OFFICIAL USE EC BRUSSELS 8843

PASS STR, TREASURY AND AGRICULTURE

E.O. 11652: NA

TAGS: ETRD, US, EEC, CAN, EAGR

SUBJECT: TRANSIT SHIPMENT OF EC CHEESES THROUGH CANADA

REF: A) STATE 249282 B) EC BRUSSELS 8779

1. BEGIN SUMMARY: WE HAVE TALKED WITH HIJZEN AND, SEPARATELY WITH HANNAY, ABOUT THE CHEESE TRANSHIPMENT PROBLEM. WE EMPHASIZED THE URGENCY AND SERIOUSNESS OF THE SITUATION. THEY DOUBT THAT THE COMMISSION HAS LEEWAY TO REDUCE EC SUBSIDIES APPLICABLE TO CHEESE EXPORTED TO CANADA BUT THOUGH THERE MIGHT POSSIBLY BE A QUESTION OF FRAUD. HIJZEN PROMISED TO GIVE US FURTHER WORD THURSDAY OR FRIDAY. END SUMMARY.

2. WE CONVEYED TO HIJZEN ON NOVEMBER 13 THE CONTENTS OF REFTEL A. WE STRESSED THAT (A) THE VOLUME OF TRADE IS ALREADY HIGH, (B) IT PROMISES TO INCREASE, (C) UNLESS THE COMMISSION CAN TAKE RAPID AND EFFECTIVE ACTION AGAINST THIS TRADE, WE WILL NOT BE ABLE TO AVOID
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 08843 131830Z

COUNTERVAILING AGAINST EC ORIGIN CHEESES ENTERING THE US FROM

NON-EC COUNTRIES.

3. HIJZEN APPEARED TO BE TAKEN ABACK BY OUR FIGURES ON THE VOLUME OF TRADE. HE SAID THAT HE DOES NOT HAVE AN IMMEDIATE EXPLANATION OR REMEDY BUT WOULD GET BUSY AT ONCE. HIS HYPOTHESIS WAS THAT SUCH A VOLUME OF TRADE SUGGESTS FRAUD. THE COMMISSION DOES NOT THINK THAT THE EC SUBSIDY IS EXCESSIVE IN TERMS OF THE DOMESTIC CANADIAN MARKET FOR CHEESE.

4. THEY CLAIMED THAT ACCORDING TO THE COMMISSION CALCULATIONS THE SUBSIDY SHOULD NOT BE ENOUGH TO ALLOW THE LANDING OF GOODS IN CANADA, RE-LOADING AND THEN SUBSEQUENT PAYMENT OF THE AMERICAN DUTY-- PARTICULARLY IF THE CHEESE IS BEING RE-LOADED ABOARD SHIPS FOR THE PORT OF NEW YORK. THEY MAINTAIN THAT EC CHEESE SHIPMENTS TO CANADA HAVE NOT INCREASED RECENTLY BUT GAVE NO FIGURES.

5. ACCORDING TO HIJZEN, FRAUD WOULD HAVE BEEN POSSIBLE IN AUGUST AND SEPTEMBER WHEN THE ONLY PROOF REQUIRED FOR GIVING THE EC SUBSIDY WAS THAT THE SHIP CARRYING THE CHEESE DOCK IN CANADA. AS OF THE FIRST OF OCTOBER, HOWEVER, THE REGULATION BEGAN TO REQUIRE CUSTOMS DOCUMENTATION FOR PROOF OF ENTRY AND PAYMENT OF DUTY PRIOR TO PAYMENT OF THE RESTITUTION.

6. HIJZEN WAS PESSIMISTIC ABOUT THE COMMISSION'S BEING ABLE TO LOWER OR ELIMINATE THE SUBSIDY ON CHEESE EXPORTS TO CANADA IN VIEW OF THE STRONG POSITION RECENTLY TAKEN BY THE ITALIANS. HE SAID, HOWEVER, THAT HE WOULD BE IN TOUCH WITH US ON THURSDAY OR FRIDAY, AFTER HE HAS HAD A CHANCE TO CONTACT THE ITALIAN EXPORTERS AND ASSESS ALTERNATIVES.

7. HE SAID THAT THE COMMISSION IS UNDER SEVERE PRESSURE TO RESUME EXPORT SUBSIDIES TO THE UNITED STATES BUT IT HAS MANAGED TO WARD OFF THOSE PRESSURES SO FAR. HE HOPED THAT WASHINGTON WOULD NOT TAKE ANY PRECIPITATE STEPS. WE REITERATED TO HIM THE PROBLEM CAUSED BY THE EXISTING VOLUME OF TRAFFIC AND THE OBVIOUS INTEREST BEING SHOWN BY OTHER MERCHANTS IN EXPANDING IT. WE REPEATED THAT THE US WOULD TRY TO HOLD OFF UNTIL THE END OF THE WEEK IN THE HOPE OF A LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 EC BRU 08843 131830Z

COMMISSION PROPOSAL FOR EXPEDITIOUS SETTLEMENT BUT LEFT HIM IN NO DOUBT THAT THE US AUTHORITIES WOULD HAVE TO MOVE IF THE COMMISSION CANNOT COME UP WITH AN ACCEPTABLE SOLUTION.

8. WE TALKED SEPARATELY WITH HANNAY TO BE SURE THAT SOAMES' OFFICE IS ALERTED TO THE SERIOUSNESS OF LATEST DEVELOPMENTS. HANNAY SAID THAT SOAMES IS AWARE OF THE PROBLEM. HE STRONGLY DOUBTED THAT THE COMMISSION WOULD BE ABLE TO ALTER THE

SUBSIDY ON CHEESE DESTINED FOR CANADA BECAUSE OF POLITICAL
PRESSURES FROM VARIOUS MEMBER STATES, NOT JUST ITALY. LIKE
HIJZEN, HE PERSONALLY THOUGHT IT BEST TO CONCENTRATE ON THE
FRAUD ANGLE BUT OF COURSE COULD MAKE NO COMMITMENT.
MYERSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CHEESE, IMPORTS, EXPORT SUBSIDIES
Control Number: n/a
Copy: SINGLE
Draft Date: 13 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ECBRU08843
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740327-0584
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741148/aaaabone.tel
Line Count: 120
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) STATE 249282 B) EC BRUSSELS 8779
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 08 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 APR 2002 by izenbei0>; APPROVED <13-Aug-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TRANSIT SHIPMENT OF EC CHEESES THROUGH CANADA
TAGS: ETRD, EAGR, US, CA, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005